

**State of Connecticut
Office of Health Care Access
CON Determination Form
Form 2020**

2005 OCT 19 PM 12:00
HEALTH CARE ACCESS

All persons who are requesting a determination as to whether a CON is required for a proposed project must complete this form. Completed forms should be submitted to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If more than 2 Petitioners, please attach a separate sheet of paper and provide additional information in the format below:

| | Petitioner | Petitioner |
|---|---|------------|
| Full legal name | HEALTHSOUTH Surgery Center of Danbury, L.P. | |
| Doing Business As | HEALTHSOUTH Surgery Center of Danbury | |
| Name of Parent Corporation | HEALTHSOUTH Corporation | |
| Mailing Address, if Post Office Box, include a street mailing address for Certified Mail | 73 Sandpit Road Danbury, CT 06810 | |
| Petitioner type (e.g., P for profit and NP for Not for Profit) | Profit | |
| Name of Contact person, including title | Jennifer L. Groves, Esq. Legal Counsel for Applicant | |
| Contact person's street mailing address | Updike, Kelly & Spellacy One Century Tower 265 Church Street New Haven, CT 06510 | |

Contact person's phone, fax
and e-mail address

Tel. (203) 786-8316
Fax (203) 772-2037
jgroves@uks.com

SECTION II. GENERAL PROPOSAL INFORMATION

Proposal/Project Title: Sale of Additional Partnership Interests to Limited Partners

Location of proposal (Town including street address): 73 Sandpit Road, Danbury, CT

List all the municipalities this project is intended to serve: All municipalities presently served by Petitioner, including the Greater Danbury Area and various other towns/cities within Fairfield, Litchfield and New Haven Counties.

Estimated starting date for the project: 12/05

- a. Type of Entity: (Please check *E* for Existing and *P* for Proposed in all the boxes that apply)

E P

☐ ☐ Acute Care Hospital
☐ ☐ Behavioral Health Provider
☐ ☐ Hospital Affiliate

E P

☐ ☐ Imaging Center
☒ ☐ Ambulatory Surgery Center
☐ ☐ Other (specify): _____

E P

☐ ☐ Cancer Center
☐ ☐ Primary Care Clinic

SECTION III. EXPENDITURE INFORMATION

- a. Estimated Total Capital Expenditure/Cost: N/A
- b. Please provide the following breakdown as appropriate: (may not represent the aggregate shown above) N/A

| | |
|---------------------------------------|-----------|
| New Construction/Renovations | \$ |
| Medical Equipment (Purchase) | |
| Imaging Equipment (Purchase) | |
| Non-Medical Equipment (Purchase) | |
| Sales Tax | |
| Delivery & Installation | |
| Total Capital Expenditure | \$ |
| Fair Market Value of Leased Equipment | |
| Total Capital Cost | \$ |

Major Medical and/or imaging equipment acquisition:

| Equipment Type | Name | Model | Number of Units | Cost per unit |
|----------------|------|-------|-----------------|---------------|
| | | | | |
| | | | | |

Note: Provide copy of contract with vendor for medical equipment.

N/A

c. Type of financing or funding source:

- ☐ Operating Funds
 ☐ Lease Financing
 ☐ Conventional Loan
☐ Charitable Contributions
 ☐ CHEFA Financing
 ☐ Grant Funding
☐ Funded Depreciation
 ☐ Other (specify): _____

N/A

SECTION IV. PROPOSAL DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

1. Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
2. What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
3. Will you be charging a facility fee?
4. Who is the current population served and who is the target population to be served?
5. Who will be providing the service?
6. Who are the payers of this service?

SECTION V. AFFIDAVIT

Applicant: HEALTHSOUTH Surgery Center of Danbury, L.P.

Project Title: Sale of Additional Partnership Interests to Limited Partners

I, JANICE SZIGETI, VP OF SURGERY OPERATIONS
(Name) (Position – CEO or CFO)

of HEALTHSOUTH CORPORATION being duly sworn, depose and state that the

information provided in this CON Determination form is true and accurate to the best of my
knowledge, and that HEALTHSOUTH SURGERY LP
CENTER OF DANBURY,
(Facility Name)

and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.


Signature

10/14/05
Date

Subscribed and sworn to before me on October 14, 2005


Notary Public/Commissioner of Superior Court

County of Fairfield
State of Connecticut

My commission expires: 8-31-07

PROJECT DESCRIPTION

HEALTHSOUTH Surgery Center of Danbury, L.P. (the "Partnership") presently owns a freestanding multi-specialty ambulatory surgery facility located at 73 Sandpit Road in Danbury, which operates under the name HEALTHSOUTH Surgery Center of Danbury (the "Center").

The Center was established pursuant to a certificate of need ("CON"), Docket Number 82-506, issued on June 8, 1982, by the former Commission on Hospitals and Health Care. By way of a Certificate of Need Determination, Report No. 00-B4, issued on November 2, 2000, the Office of Health Care Access ("OHCA") authorized HEALTHSOUTH Surgery Center of Danbury, Inc. (the "Corporation") to transfer ownership of the Center to the Partnership without obtaining a CON. OHCA further authorized the sale of up to 49% of the Partnership in the form of limited partnership interests to physicians, their families and/or trusts for the benefit of either such physicians or their families and/or their professional practices. The Corporation, which was and is the General Partner, was required to maintain at all times at least 51% of the interests of the Partnership. OHCA determined that no CON was required because "the proposed change in ownership structure [would] not result in changes in control, transfer or powers, or the delivery of health care services." See Report No. 00-B4 (copy attached hereto as Exhibit A).

The Partnership thereafter commenced syndicating ownership of the Center as contemplated above. Forty-nine (49) percent of the interests of the Partnership have since been sold to 25 physician Limited Partners. No single Limited Partner currently owns more than 3% of the interests of the Center. The Corporation presently holds 51% of the interests of the Partnership as General Partner.

In order to accommodate the needs of area physicians, foster growth and maintain viability of the Center, the Partnership intends to transfer up to an additional 11% of the interests of the Partnership, in the form of limited partnership interests, to individual physicians, their professional practices and trusts for the benefit of either such physicians or their professional practices. The Corporation would remain the General Partner and maintain at all times at least 40% of the interests of the Partnership.

As with the initial syndication authorized under Report No. 00-B4, the proposed change in ownership structure will not result in any "changes in control, transfer of powers, or the delivery of health care services." As a matter of law, the General Partner has, and will continue to have, full, exclusive and complete discretion in the management and control of the Partnership. The General Partner makes, and will continue to make, all decisions affecting the business and affairs of the Center. The Corporation as General Partner will maintain complete control over the Center's operations. There will be no change to the governing board of the General Partner as a result of this proposal. Nor will there be any change in the governing powers of the board of any parent company or affiliate or any change or transfer of the power or control of a governing or controlling body of any affiliate.

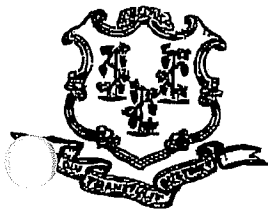
The Center currently provides comprehensive facilities for uncomplicated elective surgical procedures not requiring hospitalization but requiring medical facilities exceeding that which is normally found in a physician's office. Services include, but are not limited to, outpatient surgical procedures in the following specialties: orthopedics, gynecology, ophthalmology, ENT, plastics, podiatry, gastroenterology, and pain management. The Center is licensed by the Department of Public Health as an Outpatient Surgical Facility (copy attached hereto as Exhibit B). After the proposed sale of limited partnership interests, the Center will continue to provide the same services that it currently provides. No additional licenses will be sought from the Department of Public Health

The Center currently charges a facility fee and will continue to do so if this proposal is approved.

The current population being served by the Center includes residents of the Greater Danbury Area and certain other towns/cities within Fairfield, Litchfield and New Haven Counties. The target population is the same as that presently served by the Center.

Services at the Center will continue to be provided by existing staff if this proposal is approved.

Payers for services at the Center will remain the same if the proposal is approved. They include private pay, Medicare, Medicare Managed Care, traditional indemnity insurance, health maintenance organizations, and Medicaid.



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

JOHN G. ROWLAND
GOVERNOR

RAYMOND J. GORMAN
COMMISSIONER

November 2, 2000

Jennifer L. Groves, Esquire
Updike, Kelly & Spellacy, P.C.
One Century Tower
265 Church Street
New Haven, CT 06510

Re: Report Number 00-B4
HEALTHSOUTH Surgery Center of Danbury
Change in Ownership

Dear Ms. Groves:

On October 20, 2000, the Office of Health Care Access ("OHCA") received the Certificate of Need Determination request of HEALTHSOUTH Surgery Center of Danbury, Inc. to undertake a change in ownership. OHCA has reviewed the information contained in the request and makes the following findings:

1. HEALTHSOUTH Surgery Center of Danbury, Inc. ("Corporation") is a wholly owned subsidiary of HEALTHSOUTH Corporation.
2. The Corporation owns a freestanding multi-specialty ambulatory surgery center under the name of HEALTHSOUTH Surgery Center of Danbury ("Center").
3. The Corporation intends to transfer the business and assets of the Center to a newly formed limited partnership, HEALTHSOUTH Surgery Center of Danbury, Limited Partnership ("Limited Partnership") in exchange for 100% of the interests in the Limited Partnership.
4. The Corporation will possess at all times thereafter 51% of the interests in the form of general partnership interests.

An Equal Opportunity Employer

410 Capitol Avenue, MS #13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308
Telephone: (860) 418-7001 Fax: (860) 418-7053 Consumer Information Help-Line: (800) 797-9688

5. The Corporation will sell up to 49% of the interests of the Limited Partnership in the form of partnership interests to physicians, their families and trusts for the benefits of either such physicians or their families and/or their professional practices.
6. There will be no change in control or change or transfer of powers.
7. The services that will be offered at the Center will not be changed as a result of the change of ownership.
8. The target population, staffing and payer sources will remain unchanged.

Based on the findings, OHCA has determined that the proposed change in ownership structure will not result in changes in control, transfer of powers, or the delivery of health care services. Therefore, a CON is not required pursuant to Section 19a-638 of the Connecticut General Statutes.

Thank you for providing information to OHCA regarding this proposal. If you have any questions concerning this letter, please contact Susan Cole, Supervisor, Utilization Review and Forecasting at (860 418-7038).

Sincerely,



Michael R. Meacham, J.D., M.P.H.
Director, Health System Development

c: Rose McLellan, DPH

MRM:sce

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0269

Outpatient Surgical Facility

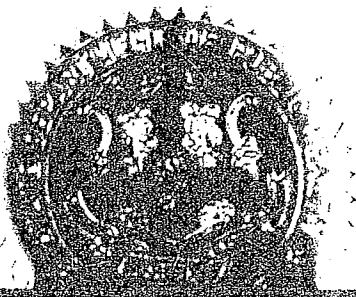
In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Healthsouth Surgical Center of Danbury Limited Partnership of Birmingham, AL, d/b/a HealthSouth Surgery Center of Danbury is hereby licensed to maintain and operate an Outpatient Surgical Facility.

HealthSouth Surgery Center of Danbury is located at 73 Sandpit Road, Danbury, CT 06810.

This license expires **March 31, 2007** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, April 1, 2005. RENEWAL.



J Robert Galvin M.D., M.P.H.

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

November 10, 2005

Jennifer L. Groves, Esquire
Updike, Kelly and Spellacy
Once Centaury Tower
265 Church Street
New Haven, CT 06510

Re: Certificate of Need Determination; Report Number 05-30611-DTR
HEALTHSOUTH Surgery Center of Danbury, L.P.
Change of Ownership

Dear Attorney Groves:

On October 19, 2005, the Office of Health Care Access ("OHCA") received petition on behalf of HEALTHSOUTH Surgery Center of Danbury, L.P. ("Petitioner") requesting change in ownership.

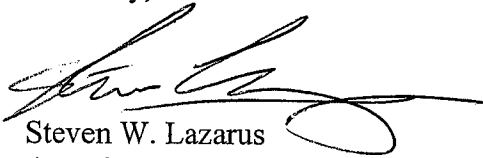
After careful review of the Petitioner's CON Determination petition, OHCA finds it requires additional information before rendering a determination. Please address the following:

1. According to material provided by the Petitioner, the General Partners will retain 40% ownership of HEALTHSOUTH Surgery Center of Danbury, L.P.
 - a. Please explain how a 40% ownership is sufficient to allow the General Partners to remain in control?
 - b. Provide copies of all relevant documents including the general partner agreement to support your response.

2. In light of the fact that the LLP has 60% ownership of HEALTHSOUTH Surgery Center of Danbury, L.P., what guarantee can the Petitioner provide that the General Partners will remain in control?
3. Will 60% ownership by the HEALTHSOUTH Surgery Center of Danbury, L.P. provide the HEALTHSOUTH Surgery Center of Danbury, L.P. with the opportunity to remove the General Partners from control if circumstances dictate? Provide documentation.

In responding to these questions, please reference CON Determination Report **05-30611-DTR** in your response submission and please submit one (1) original and five (5) copies. If you have any questions concerning the above, please feel free to contact me at (860) 418-7012.

Sincerely,



Steven W. Lazarus
Associate Health Care Analyst

Updike, Kelly & Spellacy, P.C.

Counselors at Law

Hartford • New Haven

One Century Tower, 265 Church Street
New Haven, Connecticut 06510-7002
Telephone (203) 786-8300
Facsimile (203) 772-2037

Jennifer L. Groves
(203) 786-8316
(203) 786-8306 Fax
jgroves@uks.com



December 6, 2005

Mr. Steven Lazarus
Office of Health Care Access
410 Capitol Avenue – MS#13HCA
Post Office Box 340308
Hartford, CT 06134-0308

RECEIVED
2005 DEC -8 PM 1:21
OFFICE OF
HEALTH CARE ACCESS

**Re: *Certificate of Need Determination Report No. 05-30611-DTR
HEALTHSOUTH Surgery Center of Danbury, L.P.***

Please be advised that this office represents HEALTHSOUTH Surgery Center of Danbury, L.P. (the "Partnership") in connection with the above-referenced Certificate of Need ("CON") Determination Report. We are in receipt of your November 10, 2005 request for additional information concerning the Partnership's proposed sale of additional limited partnership interests to physicians and their practices (the "Sale"). The following shall serve as responses to your specific questions:

1. According to material provided by the Petitioner, the General Partners will retain 40% ownership of HEALTHSOUTH Surgery Center of Danbury, L.P.
 - a. Please explain how a 40% ownership is sufficient to allow the General Partners to remain in control?

RESPONSE: As noted in the CON Determination Form 2020 submitted in connection with this proposal, the current ownership structure of the Partnership is as follows:

HEALTHSOUTH Surgery Center of Danbury, L.P.

| | | |
|---|------------------|--|
| HEALTHSOUTH Surgery Center of Danbury, Inc. | General Partner | Own 51% of Partnership in Form of General Partnership Interests |
| Individual Physicians | Limited Partners | Collectively Own 49% of Partnership in Form of Limited Partnership Interests |

Mr. Steven Lazarus
Office of Health Care Access
December 6, 2005
Page 2

The Partnership proposes to sell an additional 11% of the Partnership interests to Limited Partners, which would result in the General Partner owning 40% of the Partnership interests and the Limited Partners owning 60% of the Partnership interests.

Notwithstanding the fact that the General Partner will own less than half of the interests of the Partnership after the Sale, it will retain *complete control* of the Partnership's operations. The rights of the General Partner and Limited Partners are governed *exclusively* by the Limited Partnership Agreement of HEALTHSOUTH Surgery Center of Danbury, L.P., dated March 26, 1999 (the "Agreement"), a copy of which is attached hereto as Exhibit A. Article VI, Section 6.01 of the Agreement, concerning the powers of the General Partner, states that the General Partner shall have "full, exclusive and complete discretion in the management and control of the Partnership and will make all decisions affecting the Partnership's business and affairs." The General Partner is also charged with "the full responsibility of managing and promoting the Partnership's purposes and business." See Article VI, Section 6.02. Conversely, the Agreement provides that the Limited Partners "shall not take part in the conduct or control of the Partnership's business and affairs, and will have no right or authority to actor or sign for or to obligate the Partnership."

The foregoing rights apply based upon an individual or entity's designation as a General or Limited Partner, and are not dependent upon that individual or entity's percent ownership of the Partnership. Accordingly, a change in the percentage of the Partnership owned by the General Partner does not abrogate the General Partner's right to control, to the exclusion of the Limited Partners, the business and affairs of the Partnership.

- b. Provide copies of all relevant documents including the general partner agreement to support your response.

RESPONSE: Limited Partnership Agreement of HEALTHSOUTH Surgery Center of Danbury, L.P., dated March 26, 1999, attached hereto as Exhibit A.

- 2. In light of the fact that the LLP has 60% ownership of HEALTHSOUTH Surgery Center of Danbury, L.P., what guarantee can the Petitioner provide that the General Partners will remain in control?

RESPONSE: See Response to Question 1.

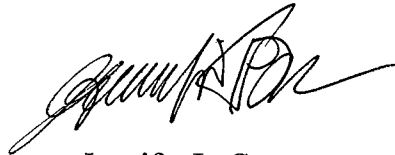
Mr. Steven Lazarus
Office of Health Care Access
December 6, 2005
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3. Will 60% ownership by the HEALTHSOUTH Surgery Center of Danbury, L.P. provide the HEALTHSOUTH Surgery Center of Danbury, L.P. with the opportunity to remove the General Partners from control if circumstances dictate? Provide documentation.

RESPONSE: The Limited Partners will not have the opportunity to remove the General Partner from control based upon their collective ownership percentage. There are limited circumstances under which a General Partners can be removed from the Partnership. In accordance with Article XII, Section 12.02, a General Partner can retire or withdraw from the Partnership, but only with the written consent of all Partners. In accordance with Article XII, Section 12.03, a General Partner can be "disqualified" by operation of the Agreement upon "its voluntary dissolution or liquidation, filing of a voluntary petition in bankruptcy, its adjudication as bankrupt or insolvent, its making an assignment for the benefit of creditors, or its becoming subject to involuntary reorganization or liquidation proceedings." These withdrawal/disqualification contingencies exist notwithstanding the percentage of ownership interests held by the General Partner. There are no provisions in the Agreement that allows for the removal of the General Partner by the Limited Partners.

We trust that this constitutes a sufficient response to your inquiry. Should you require anything further for your review, please feel free to call me at (203) 786-8316.

Very truly yours,



Jennifer L. Groves

Attachment

LIMITED PARTNERSHIP AGREEMENT

OF

HEALTHSOUTH SURGERY CENTER OF DANBURY, L.P.

2005 DEC -8 -PM 1:22
OFFICE OF
HEALTH CARE ACCESS

RECEIVED

DATED AS OF MARCH 26, 1999

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LIMITED PARTNERSHIP AGREEMENT

OF

HEALTHSOUTH SURGERY CENTER OF DANBURY, L.P.

THIS LIMITED PARTNERSHIP AGREEMENT is entered into as of the 26th day of March, 1999 by and between, DANBURY SURGERY CENTER, INC., a Connecticut corporation (hereinafter referred to as the "General Partner"), and SURGICAL HEALTH CORPORATION, a Delaware corporation (hereinafter referred to as the "Initial Limited Partner").

WITNESSETH:

WHEREAS, the parties hereto desire to form a limited partnership in accordance with the Georgia Revised Uniform Limited Partnership Act; and

WHEREAS, the parties desire to set forth in full the terms and conditions of their understandings and agreements;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises, obligations and agreements set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS

1.01 Definitions. For purposes of this Agreement, the following capitalized terms shall have the following respective meanings:

"Act" means the Georgia Revised Uniform Limited Partnership Act, O.C.G.A. §14-9-100 et seq.

"Additional Limited Partner" means any Person who purchases all or part of a Unit and is admitted to the Partnership pursuant to Sections 3.01 and 3.02 hereof.

"Affiliate" means a Person or Persons directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Person(s) in question. The term "control," as used in the immediately preceding sentence, means, with respect to a Person that is a corporation, the right to the exercise, directly or indirectly, of more than 50% of the voting rights attributable to the shares of such controlled corporation and, with respect to a Person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such controlled Person.

"Fiscal Year" of the Partnership means the calendar year.

"General Partner" means Danbury Surgery Center, Inc., a Connecticut corporation, so long as it remains the General Partner, and thereafter shall mean any Person who is admitted to the Partnership as a general partner in accordance with the provisions of Articles XI or XII hereof.

"Initial Closing Date" shall have the meaning ascribed in the Memorandum.

"Limited Partners" means the Initial Limited Partner, the Additional Limited Partners, the General Partner in its capacity as a Limited Partner pursuant to Section 3.01 hereof and following the conversion of its General Partner Unit to Limited Partner Units pursuant to Section 12.02 hereof, and shall also mean each Person to whom all or any portion of the Units of any of such Persons is transferred or assigned and who is admitted to the Partnership as a substituted Limited Partner in accordance with the provisions of Section 11.02 hereof.

"Maximum Number of Units" means 40 Units.

"Medical Director" means an individual appointed from time to time by the General Partner, who will be responsible for medical quality control matters, as more particularly described in Section 6.03 hereof.

"Medical Executive Committee" means a standing committee of the medical staff of the Center consisting of the Medical Director, elected officers of the medical staff and one or more additional members of the medical staff. The Medical Executive Committee shall supervise the medical staff and provide the Partnership and the General Partner with counsel and advice concerning the medical standards and practices of the Center, as more particularly described in Section 6.04 hereof.

"Memorandum" means a Confidential Private Placement Memorandum to be used in the offering of Units in the Partnership.

"Net Profits" and "Net Losses" mean the Partnership's taxable income or loss determined in accordance with Code Section 703(a) for each of its Fiscal Years (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) will be included in taxable income or loss) with the following adjustments: (i) such Net Profits and Net Losses will be computed as if items of tax-exempt income and nondeductible, noncapital expenditures (under Code Section 705(a)(1)(B) and 705(a)(2)(B)) were included in the computation of taxable income or loss; (ii) that any items specially allocated pursuant to Section 4.01(b) hereof shall not be taken into account in computing Net Profits or Net Losses; (iii) if any Partner contributes property to the Partnership with an initial book value to the Partnership different from its adjusted basis for federal income tax purposes to the Partnership, or if Partnership property is revalued in accordance with Treasury Regulations section 1.704-1(b)(2)(iv)(f) or as otherwise required by the Regulations, Net Profits and Net Losses will be computed as if the initial adjusted basis for federal income tax purposes to the Partnership of such contributed or revalued property equaled its initial book value to the Partnership as of the date of contribution or revaluation; and (iv) credits or debits to Capital Accounts due to a revaluation of

ARTICLE II FORMATION OF PARTNERSHIP

2.01 Formation. The Partners hereby form a limited partnership pursuant to the Act. The General Partner will forthwith execute a Certificate and cause the same to be filed as required by the Act.

2.02 Name. The name of the Partnership is, and the Business of the Partnership shall be conducted under, the firm name and style: HEALTHSOUTH Surgery Center of Danbury, L.P.

2.03 Principal Office. The principal office of the Partnership will be located at 73 Sandpit Road, Suite 101, Danbury, Connecticut 06810, or at such other place as the General Partner from time to time designates by written notice to the Limited Partners. The Partnership may have additional offices at such other places as the General Partner deems advisable.

2.04 Term. The Partnership will commence on the date when the Certificate has been duly filed pursuant to the Act and will continue until December 31, 2038, unless sooner terminated as hereinafter provided.

2.05 Purposes of the Partnership. The purposes of the Partnership are to engage in the Business and to engage in any and all activities related thereto.

2.06 Securities Law Legend. THE UNITS HAVE BEEN ISSUED OR SOLD IN RELIANCE ON EXEMPTIONS FROM REGISTRATION CONTAINED IN THE CONNECTICUT SECURITIES LAW AND BUSINESS OPPORTUNITY INVESTMENT ACT AND/OR THE RULES AND REGULATIONS PROMULGATED THEREUNDER, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT. In addition, the Units have been issued or sold in reliance on exemptions from registration contained in the Securities Act of 1933, as amended, and/or the rules and regulations promulgated thereunder, as amended (collectively, the "1933 Act"). Accordingly, the Units under the 1933 Act are deemed to be "restricted securities" and may not be sold or transferred except in a transaction which is exempt from the registration requirements of the 1933 Act, or pursuant to an effective registration statement under the 1933 Act or in a transaction which is otherwise in compliance with the 1933 Act. The Partnership will be under no obligation to register any of the Units under any federal or state securities laws, or to take any action necessary in order to establish an exemption from the registration requirements of any such laws.

2.07 Disclosure of Partnership Interest. Each Limited Partner shall disclose his participation in the Partnership to any individuals referred to or treated at the Center by such Limited Partner. Such disclosures shall be in a form which complies with all applicable federal and state laws governing the disclosure of a Limited Partner's ownership interest in a health care facility.

prescribed by Treasury Regulations section 1.704-1(b)(2)(ii)(b)(3). No Limited Partner shall have any liability for restoration of any negative Capital Account balance.

3.05 No Interest on Contributions. No Partner will be entitled to receive interest on its capital contributions.

3.06 Loans. In the event the General Partner determines in good faith that funds in excess of those provided to the Partnership pursuant to the preceding Sections of this Article III are necessary for maintaining and protecting the Partnership's assets or conducting its Business, the Partnership shall be authorized to borrow funds from Partners and their Affiliates, provided that the interest rate and other terms of such loans are no less favorable to the Partnership than the Partnership could have secured from third parties. If any Partner, or Affiliate of a Partner, lends money to the Partnership pursuant to this Section 3.06, such Partner or Affiliate shall be deemed an unrelated creditor with respect to such loan to the extent allowed by law.

ARTICLE IV ADJUSTMENT OF CAPITAL ACCOUNTS AND PROFITS AND LOSSES

4.01 Allocations Subsequent to the Admission of Additional Limited Partners.

(a) General Tax Allocations. As of the end of each Fiscal Year, and after giving effect to the special tax allocations set forth in Section 4.01(b), Net Profits and Net Losses shall be allocated among the Partners for federal income tax purposes in accordance with their Capital Ratios.

(b) Special Allocations. At the end of each Fiscal Year of the Partnership and notwithstanding any other provision of this Section 4.01, the following special allocations shall be made for both Capital Account and for federal income tax purposes unless otherwise provided:

(i) In accordance with the ordering rules of Treasury Regulation section 1.704-2(j), items of gross income and realized gain first shall be allocated in an amount and in a manner that complies with the "chargeback" requirement of Treasury Regulation section 1.704-2(i)(4), the "qualified income offset" requirement of Treasury Regulation section 1.704-1(b)(2)(ii)(d), and the "minimum gain chargeback" requirement of Treasury Regulation section 1.704-2(f). Further, any "partner nonrecourse deductions" within the meaning of Treasury Regulation section 1.704-2(i)(2) attributable to "partner nonrecourse debt" shall be allocated to the Partner who bears the "economic risk of loss" for such debt in accordance with Treasury Regulation section 1.704-2(i). If a Partner receives an allocation under this paragraph (i), to the extent possible the Partnership shall adjust allocations of other items to the Partners in the current, and to the extent necessary, future

4.05 Allocations and Distributions Upon Dissolution. When the Partnership is dissolved and wound-up pursuant to Article XIV hereof, all items of income, gain, loss and deduction not previously allocated shall be allocated to the Partners pursuant to this Article IV. It is the intent of the parties hereto that after the allocations described in the previous sentence are made and the final cash distribution referred to in Section 14.01(d) is made, that such actions will result in the Capital Account balances of the Partners equaling zero following the dissolution of the Partnership. The allocation and distribution provisions of Articles IV and V hereof, respectively, of this Agreement, as well as the provisions of Article XIV hereof, shall be construed in such a way by the General Partner in order to achieve this result.

ARTICLE V DISTRIBUTIONS

5.01 General Distributions. The Partnership may distribute Available Cash in the discretion of the General Partner. The General Partner expects to make such distributions at least quarterly. Such distributions shall be made pro rata among the Partners in accordance with their respective Capital Ratios; provided, however, that the General Partner, in its sole discretion, shall have the right to take into account the length of time a Partner has held its Units in any period relating to a distribution in determining the proportionate amount of such Partner's respective distributions.

5.02 Distributions Upon Dissolution. Notwithstanding anything herein to the contrary, upon the occurrence of an event of dissolution as provided in Section 13.01 hereof, cash distributions occurring in connection with such event of dissolution and thereafter shall be made in accordance with Article XIV hereof.

5.03 Withholding. The General Partner shall be authorized to withhold from amounts to be distributed to any Partner hereunder any withholding required by the Code or any provision of any statute or local tax law, and to pay such amounts to the Internal Revenue Service or other appropriate taxing authority. Any such amounts withheld shall be treated as having been distributed to such Partner pursuant to this Article V for all purposes of this Agreement.

5.04 Liability of General Partner. Upon the determination in good faith to pay and distribute cash in the manner herein provided, the General Partner shall incur no liability on account of such distribution, even though such distribution may result in the Partnership retaining insufficient funds for the operation of its Business, which insufficiency results in loss to the Partnership or the borrowing of funds by the Partnership.

(k) To satisfy the requirements of the Code: (i) with respect to the Partnership's allocations, (ii) with respect to the Partnership's status as a partnership for federal income tax purposes, and (iii) to ensure that the Partnership is not treated as a "publicly traded partnership" described in Code Section 7704;

(l) To take any action described in Section 11.04 hereof in the event of an investigation of the Partnership under any applicable federal fraud and abuse statute, rule, regulation or law by either the Department of Health and Human Services or the United States Attorney;

(m) To acquire real or personal property as may be necessary in connection with the development and operation of the Center;

(n) To take any action described in Section 11.05 hereof in the event that any of the Partnership's assets are deemed to be assets of any ERISA plan which invests in the Partnership;

(o) To admit Additional Limited Partners in accordance with the provisions of this Agreement;

(p) To conduct additional offerings of Units on behalf of the Partnership as the General Partner deems advisable, the terms and conditions of which shall be decided by the General Partner in its sole discretion;

(q) To admit a Person to the Partnership as a General Partner;

(r) To redeem the Units of any Limited Partner; and

(s) To exercise any and all other powers which may be necessary to implement the foregoing purposes, policies and powers of the Partnership including those granted to limited partnerships under the Act, upon such terms and conditions as the General Partner, in its sole discretion, determines to be necessary, desirable or appropriate.

6.02. Duties of and Decisions by General Partner The General Partner shall be charged with the full responsibility of managing and promoting the Partnership's purposes and Business. The General Partner shall cause its officers, directors and employees to devote the amount of their business time to the affairs and Business of the Partnership as in the General Partner's judgment is reasonably required to perform its duties concerning the Business and affairs of the Partnership, taking into account business time required by other business activities of such Persons. The General Partner may, in its sole discretion, appoint such executive officers as it deems desirable to carry on the Business of the Partnership, and any such executive officer shall have the responsibilities expressly designated to him or her by the General Partner, subject to the restrictions on the General Partner's authority contained in this Agreement. The General Partner and any Affiliate thereof may engage in or possess an interest in, directly or indirectly, any other present or future business ventures or investments of any nature or description for its own account, independently or with others, including, but not limited to, any investment in any aspect of medical care delivery business or any other business engaged in by the Partnership and, inter alia, may

ARTICLE VII
LIMITATION ON LIABILITY AND
INDEMNIFICATION OF GENERAL PARTNER

7.01 Limitation of Liability of the General Partner. The General Partner and its affiliates (as defined below for purposes of this Section 7.01) shall have no liability to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of the General Partner or its affiliates, if the General Partner or its affiliates, in good faith, determined that such course of conduct was in the best interest of the Partnership and such course of conduct did not (i) constitute gross negligence or intentional misconduct on the part of the General Partner or its affiliates; or (ii) involve a transaction for which the General Partner or its affiliates received an improper personal benefit in violation or breach of any provision of this Agreement. The General Partner and its affiliates shall be indemnified by the Partnership to the extent of the Partnership's assets against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Partnership, provided that the same were not the result of gross negligence or intentional misconduct on the part of the General Partner or its affiliates, and did not involve a transaction for which the General Partner or its affiliates received an improper personal benefit in violation or breach of any provision of this Agreement. Notwithstanding the above, the General Partner and its affiliates shall not be indemnified for liabilities arising under federal and state securities laws unless (a) there has been a successful adjudication on the merits of each count involving securities laws violations; or (b) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction. The Partnership shall not incur the cost of the portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified. For purposes of this Section 7.01, "affiliates" means any Person or entity performing services on behalf of the Partnership who: (y) directly or indirectly controls, is controlled by, or is under common control with, the General Partner, or (z) is an officer, director or shareholder of the General Partner.

ARTICLE VIII
POWERS AND RIGHTS OF LIMITED PARTNERS

8.01 Powers and Rights. Except as specifically provided herein, the Limited Partners shall not take part in the conduct or control of the Partnership's Business and affairs, and will have no right or authority to act or sign for or to obligate the Partnership; provided, however, that this Section 8.01 shall in no way limit the powers, duties, rights and obligations of a Limited Partner acting in its capacity as a General Partner. At no time will the Limited Partners be entitled to withdraw all or any part of their contributions to the capital of the Partnership except as provided in Articles V and XIV hereof. The Limited Partners will have no right to demand and receive any property other than cash in return for their contributions and, prior to the dissolution and liquidation of the Partnership pursuant to Articles XIII and XIV hereof, their right to cash shall be limited to the rights set forth in Article V hereof.

representatives. Such books of account will be maintained at the principal office of the Partnership, or at such other place as the General Partner determines.

10.03 Financial Statements. Within one hundred twenty (120) days following the end of each Fiscal Year of the Partnership, the General Partner shall cause to be prepared and delivered to each Partner unaudited financial statements of the Partnership for such Fiscal Year.

10.04 Tax Returns. The General Partner shall cause the Partnership's tax returns and other governmental returns and reports to be prepared and timely filed. The General Partner shall deliver copies of Schedule K-1 of Form 1065 (or a comparable schedule) and other necessary tax information for each Fiscal Year to each Partner no later than ninety (90) days after the end of each Fiscal Year.

10.05 Tax Matters Partner. The General Partner, or such other Partner as the General Partner may designate, is hereby designated the Tax Matters Partner of the Partnership, as provided in Treasury Regulations pursuant to Code Section 6231. The Tax Matters Partner shall represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any federal, state, or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Partnership for professional services and costs associated therewith. The provisions on limitations of liability of the General Partner and the indemnification set forth in Section 7.01 hereof will be fully applicable to the Tax Matters Partner in its capacity as such.

ARTICLE XI TRANSFERS, ASSIGNMENTS AND REDEMPTIONS BY PARTNERS

11.01 General Prohibition. No Partner may assign, convey, sell, transfer, liquidate, encumber, or in any way alienate (collectively, a "Transfer"), all or any part of his or its Units or, in the event such Partner is a corporation, partnership or any other form of legal entity, such Partner may not Transfer or accept an offer to acquire all of its capital stock, partnership interests or its other form of equity investment interests (a Partner's Units or a majority of its capital stock, partnership interests or other form of equity investment interests shall be collectively referred to herein as the "Ownership Interest") unless such Transfer is (i) registered or exempt from registration under all applicable federal and state securities laws, and (ii) authorized by the General Partner following waiver of its right of first refusal set forth in Section 11.07 hereof, which authorization may be given or withheld by the General Partner in its sole and absolute discretion, regardless of whether it exercises such right of first refusal. If a Limited Partner's Units are Transferred pursuant to the terms of this Agreement, the transferee shall, upon compliance with the provisions of Section 11.02, succeed to the transferred Units of the transferor Limited Partner and all rights, duties and obligations under this Agreement with respect to such transferred Units. Any attempted Transfer of all or any portion of a Limited Partner's Units without the necessary consent, or as otherwise permitted hereunder, shall be null and void and shall have no effect whatsoever.

in cash at closing, and the balance by the General Partner's promissory note payable in eight (8) equal quarterly installments of principal, the first of which is due three (3) months after closing. The unpaid balance of such promissory note shall bear interest at the rate announced from time to time as the "prime rate" by NationsBank, N.A., Atlanta, Georgia (or successor thereof). Accrued interest on the entire balance will be payable quarterly with each installment payment of principal.

11.04 Fraud and Abuse. In the event of an investigation of the Partnership or any Partner under any then applicable federal or state fraud and abuse statute, rule, regulation or law by the Department of Health and Human Services, the United States Attorney or any federal or state agency having jurisdiction over the Partnership, the General Partner, in its sole discretion, is authorized to: (i) terminate, liquidate and dissolve the Partnership, (ii) cause the Partnership to redeem all or any portion of the Units of any Limited Partners whose investment in the Partnership is determined by the General Partner to cause a fraud and abuse violation by the Partnership or such Limited Partner, (iii) cause a Limited Partner, in the event such Limited Partner is a corporation, partnership or other form of legal entity, to redeem any stockholder, partner or other investor in such Limited Partner whose investment is determined by the General Partner to cause a fraud and abuse violation by the Partnership or such Limited Partner, or (iv) amend this Limited Partnership Agreement pursuant to Section 16.02(a). In the event the General Partner causes a Limited Partner to redeem any stockholder, partner or other investor therein pursuant to (iii) above, the General Partner shall cause the Partnership to redeem from the Limited Partner that number of Units equal to the product of (A) such redeemed stockholder's, partner's or other investor's pro rata share of its equity investment interest in the Limited Partner, times (B) the aggregate number of Units owned by the Limited Partner, rounded to the nearest whole number. The redemption price of the Units payable to any such Limited Partner within three years of the Commencement Date shall be equal to the cash portion of such Limited Partner's capital contribution, together with simple interest thereon from the date on which the Limited Partner's subscription was accepted by the Partnership, calculated based on the interest rate payable on the most current one-year U.S. Treasury Bill. The redemption price of the Units payable to any Limited Partner after such three year period shall be equal to the fair market value thereof, as determined by an independent appraisal obtained at Partnership expense. At the option of the General Partner, such redemption price shall be paid in cash at closing or pursuant to the payment terms described in Section 11.03 herein. For federal income tax purposes, all of the Partners expressly intend that the redemption of Units held by Limited Partners by the Partnership shall be treated as a complete liquidation of such Partner's Partnership Interest pursuant to Section 736 of the Code. The Partners further acknowledge that they have negotiated concerning the treatment of the fair market value of the Units being the redemption price (which may or may not approximate the Capital Account balance attributable to the Units redeemed) and that the redemption price shall be treated as being composed of both so-called "Section 736(a) payments" and also so-called "Section 736(b) payments." Having so negotiated, the Partners hereby agree that the fair market value redemption price shall first be treated as a Section 736(b) payment to the extent of the full fair market value of the redeemed Limited Partner's "interest in partnership property" within the meaning of Code Section 736(b) and the Treasury Regulations thereunder, and the remaining portion of the fair market value redemption price is intended to constitute a Section 707(c) "guaranteed payment" which shall be treated as a Section 736(a) payment. The Partners further expressly agree among themselves that no portion of the redemption price is intended to be treated as a payment for

Ownership Interest to the General Partner upon the same terms and at the same purchase price offered to the selling Partner. Such offer to the General Partner shall be in writing, shall include a copy of the offer to purchase received by the Partner or such other applicable terms of Transfer delivered in connection therewith and shall be irrevocable by the selling Partner for a period of thirty (30) days after the receipt thereof by the General Partner. In the event the General Partner rejects the offer or fails to exercise this right of first refusal within such thirty (30) day period, the selling Partner must consummate the sale upon the same terms presented to the General Partner within 180 days of such notice to the General Partner or such Transfer shall again be subject to the restrictions contained in this Section 11.07.

11.08 Redemption of Units from General Partner. The General Partner, in its sole discretion, shall have the authority to cause the Partnership to redeem any portion of its partnership interest in connection with the offering of Additional Limited Partner Units pursuant to Section 3.01; provided, however, that the General Partner does not reduce its interest in the Partnership to less than sixty percent (60%).

ARTICLE XII DISQUALIFICATION

12.01 Limited Partners. The disqualification (as defined in Section 12.03) of a Limited Partner will not dissolve the Partnership. Upon the disqualification of a Limited Partner, any successor-in-interest of such Limited Partner will become an assignee of such Limited Partner's Units and will be credited or charged with and/or paid, as the case may be, all future allocations and distributions on account of the Units of such Limited Partner; provided, however, that no such successor-in-interest will become a substituted Limited Partner without first complying with the provisions of Section 11.02 hereof.

12.02 General Partner. The General Partner may not retire or withdraw from the Partnership without the prior written consent of all Partners. If the General Partner retires or withdraws without the prior written consent of all Partners or becomes disqualified (the "Disqualified General Partner"), such Disqualified General Partner's Units will automatically be converted into Limited Partner Units for all purposes thereafter, and the Partnership shall dissolve and thereafter conduct only activities necessary to wind up its affairs in accordance with the provisions of Article XIV hereof, unless, within ninety (90) days after the retirement, withdrawal or disqualification of the General Partner, the Limited Partners owning a majority of the Units owned by all Limited Partners (including the converted Disqualified General Partner) elect to continue the Partnership pursuant to the terms and provisions of this Agreement. Notwithstanding the preceding sentence, in the event of the conversion of a Disqualified General Partner to a Limited Partner, such conversion shall not relieve the Disqualified General Partner of any liabilities and obligations incurred by the Partnership prior to such conversion or any obligation to contribute cash to the capital of the Partnership pursuant to Section 3.04 hereof with respect to liabilities and obligations of the Partnership incurred by the Partnership prior to such conversion. In such event, the provisions of Section 4.01(b)(i) hereof shall continue to apply to such Disqualified General Partner as if such Disqualified General Partner were still a General Partner, to the extent of any

ARTICLE XIV DISTRIBUTIONS UPON DISSOLUTION

14.01 Liquidation. Upon dissolution of the Partnership for any reason, the Partnership shall promptly commence to wind up its affairs. A reasonable period of time will be allowed for the orderly termination of the Partnership's Business, the discharge of its liabilities and the distribution or liquidation of its remaining assets so as to enable the Partnership to minimize the normal losses attendant to the liquidation process. A full accounting of the assets and liabilities of the Partnership as of the date of dissolution will be taken and a written statement thereof will be furnished to each Partner within sixty (60) days after such date. Such accounting and statement will be prepared under the direction of the General Partner or, if there is no General Partner, by a liquidating trustee selected by Limited Partners owning a majority of the Units. The Partnership's property and assets and/or the proceeds from the liquidation thereof will be applied in the following order of priority;

(a) payment of the debts and liabilities of the Partnership, in the order of priority provided by law (excluding any loans by Partners or their Affiliates), and payment of the expenses of liquidation;

(b) payment of any and all loans made by Partners or their Affiliates to the Partnership, plus any accrued but unpaid interest thereon, which amount shall be applied first to interest and then to principal; provided, that in the event the Partnership's funds are insufficient to satisfy fully all such loans, then all loans made by all Partners or their Affiliates shall be repaid on a pro rata basis;

(c) setting up of such reserves as the General Partner or liquidating trustee deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership or any obligation or liability not then due and payable; provided, any balance of such reserve, at the expiration of such period as the General Partner or liquidating trustee shall deem advisable, shall be distributed in the manner herein provided;

(d) distribution to the Partners, on a pro rata basis, of the positive balances of their Capital Accounts, adjusted to the date of distribution until such accounts are zero; and

(e) distribution to the Partners, on a pro rata basis, based upon their Capital Ratio.

14.02 Distributions in Kind. Any noncash asset to be distributed in kind (as a liquidating distribution or otherwise) to one or more Partners will first be valued at its fair market value to determine the gain or loss that would have resulted if such asset were sold for such value, and such gain or loss will then be allocated pursuant to Article IV hereof, and the Partners' Capital Accounts shall be adjusted to reflect such gain or loss. The amount distributed and charged to the Capital Account of each Partner receiving an interest in such distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Partner is considered to

ARTICLE XVI MISCELLANEOUS

16.01 Restrictions on Relationships of Limited Partners with Competitors. No Limited Partner (or any member, shareholder or partner of a professional association, professional corporation, partnership or other entity which is a Limited Partner) shall have any direct or indirect ownership interest in any business or entity competing with the Partnership in the development, management or operation of an outpatient surgical care facility within a ten-mile radius of the Center during the time the Limited Partner is a limited partner of the Partnership and for a period of eighteen (18) months thereafter; provided, however, that no Limited Partner (or any member, shareholder or partner of a professional association, professional corporation, partnership or other entity which is a Limited Partner) shall be prevented from serving as a member of the medical staff, or holding any position on the medical staff, of any hospital. This provision shall not (i) restrict any Person from being able to perform outpatient surgery in his office or in any other location he may desire at any time, (ii) require the referral of patients to the Center, or (iii) apply to any relationship of a Limited Partner which existed as of the date of such Limited Partner's subscription if reported in writing to the General Partner prior to or upon delivery of the investor's subscription agreement. Notwithstanding the foregoing, these restrictions shall not apply to the General Partner in its capacity as a Limited Partner.

16.02 Amendments by the General Partner.

(a) Clarifying Amendments. The General Partner may amend this Agreement without the consent of the Limited Partners if such amendment is: (i) for the purpose of clarification and does not materially change the substance hereof and the Partnership has obtained the opinion of its legal counsel to that effect; provided, however, that such amendment does not adversely and materially affect the interests of the Limited Partners; (ii) necessary or appropriate pursuant to Section 6.01 hereof, to satisfy the requirements of the Code with respect to the Partnership's allocations or the Partnership's status as a partnership, or pursuant to any Tax Decision, or any federal or state securities laws or regulations; (iii) necessary to cause the Partnership to comply with any then applicable fraud and abuse or similar statute, rule, regulation or law pursuant to Section 11.04; or (iv) for the purpose of ensuring that the General Partner will be allocated tax basis associated with Partnership liabilities under Section 752 of the Code and the Treasury Regulations thereunder (the "Section 752 Rules") when the General Partner, or a "related person" to the General Partner within the meaning of the Section 752 Rules, has the economic risk of loss with respect to such Partnership liabilities.

(b) Substantive Amendments. The General Partner may propose any other amendment or amendments to this Agreement by mailing to the Limited Partners a notice describing the proposed amendment(s), which notice must include the text of the proposed amendment(s). If within thirty (30) days after such notice has been mailed, the General Partner has not received written objections to such amendment(s) from Limited Partners owning, in the aggregate, more than one-third (1/3) of the Units owned by all of the Limited Partners (exclusive of the Units held by the General Partner), then, subject to the other provisions of this Agreement, the proposed amendment(s) will become effective as of the date specified. The General Partner is

16.11 Acceptance of Prior Acts by New Partner. Each Person who becomes a Partner, by becoming a Partner, ratifies, affirms and confirms, and agrees to be bound by, all actions duly taken by the Partnership, pursuant to the terms of this Agreement, prior to the date such Person becomes a Partner.

16.12 Partnership Property. The title to all real or personal property (or interests therein) now or hereafter acquired by the Partnership will be held by and vested in the Partnership, and not by or in any Partner, individually.

16.13 Meetings. The General Partner may call meetings of the Partners from time to time. The General Partner shall provide the Limited Partners with thirty (30) days prior notice of the time and place of any meeting of the Partners. Upon the written request of Limited Partners (other than the General Partner) owning at least twenty-five percent (25%) of the total Units (other than Units held by the General Partner), the General Partner shall call a meeting of the Partners. Partners may vote in person or by proxy at any meeting of the Partners. The provisions of the Georgia Business Corporation Code governing the use and validity of corporate proxies shall govern the validity and use of proxies under this Agreement.

16.14 Gender and Number. Where the context requires, the use of a pronoun of one gender is to be deemed to include a pronoun of the appropriate gender or the neuter, and singular words are to be deemed to include the plural and vice versa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

GENERAL PARTNER:

DANBURY SURGERY CENTER, INC.

By: [Signature]
Name: Donald S. Long, Jr.
Title: Vice President

INITIAL LIMITED PARTNER:

SURGICAL HEALTH CORPORATION

By: [Signature]
Name: Donald S. Long, Jr.
Title: Vice President



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

February 10, 2006

Jennifer L. Groves, Esquire
Updike, Kelly and Spellacy
Once Centaury Tower
265 Church Street
New Haven, CT 06510

Re: Certificate of Need Determination; Report Number 05-30611-DTR
HEALTHSOUTH Surgery Center of Danbury, L.P.
Change of Ownership

Dear Attorney Groves:

The Office of Health Care Access ("OHCA") is in receipt of your request for a CON Determination Report for the change in ownership of HEALTHSOUTH Surgery Center of Danbury, L.P., a freestanding multi-specialty ambulatory surgery facility in Danbury, Connecticut.

Upon review of the information contained in the request, OHCA finds the following:

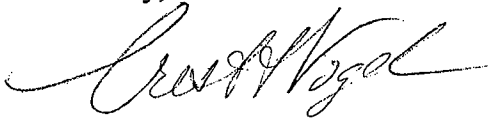
1. HEALTHSOUTH Surgery Center of Danbury, Inc. ("Corporation") is a wholly owned subsidiary of HEALTHSOUTH Corporation.
2. HEALTHSOUTH Surgery Center of Danbury, L.P. ("Partnership") is a freestanding multi-specialty ambulatory surgery facility located at 73 Sandpit Road in Danbury, Connecticut.
3. The Partnership operates under the name HEALTHSOUTH Surgery Center of Danbury ("Center").
4. The Center was established pursuant to Certificate of Need ("CON"), Docket Number 82-506, authorized on June 8, 1982.

5. The Partnership is organized under the State of Georgia, Revised Uniform Limited Partnership Act, O.C.G.A. 14-9-100 et seq.
6. On November 2, 2000, under CON Determination, Report Number 00-B4, the Office of Health Care Access ("OHCA") authorized HEALTHSOUTH Surgery Center of Danbury, Inc. ("Corporation") to transfer ownership of the Center to the Partnership without requiring a CON. OHCA, further authorized the sale of up to 49% of the Partnership in the form of limited partnership interest to physicians.
7. Currently, 49% of the interest in the Partnership is owned by the 25 physician limited partners and 51% of the interest is owned by the Corporation.
8. In order to accommodate the needs of area physicians, foster growth and maintain viability of the Center, the Corporation intends to transfer additional 11% of its interest in the Partnership, in the form of limited partnership interests, to individual physicians. A change of ownership is being proposed as follows:
 - The Corporation will at all times maintain at least 40% interest in the Partnership; and
 - The physician-owned interest in the Partnership after this proposal will increase to 60%.
9. Pursuant to Georgia Statute Section 14-9-702:
"(4) Until the assignee of a partnership interest becomes a partner, the assignor partner continues to be a partner and to have the power to exercise any rights or powers of a partner, except to the extent those rights or powers are assigned; provided that on the assignment by a general partner, the general partner's status as a general partner may be terminated by the affirmative vote of a majority in interest of the limited partners;"
10. The Center currently provides comprehensive facilities for elective surgical procedures not requiring hospitalization. The services include, but are not limited to, outpatient surgical procedures in the following specialties: orthopedics, gynecology, ophthalmology, ENT, plastics, podiatry, gastroenterology, and pain management. The services are not projected to change after the proposed change in ownership.
11. There is no capital expenditure/cost associated with the proposed change in ownership.

Based on these findings, OHCA has determined that this proposal will result in a change of control of the Partnership because the Limited Partners will own greater than 50% of the Partnership. Therefore, pursuant to Connecticut General Statutes, Section 19a-638, this represents a change of ownership and change of control and a Certificate of Need is required.

If you have any questions concerning the above, please feel free to contact Steven W. Lazarus, Associate Health Care Analyst, at (860) 418-7012.

Sincerely,



Cristine A. Vogel
Commissioner

c: Rose McLellan, Licensing Examination Assistant, DPH, DCBR